

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
PINNACLE CONFERENCE ROOM
7575 EAST MAIN STREET
SCOTTSDALE, ARIZONA
JUNE 22, 2004
MINUTES**

PRESENT: Tom Morrow, Chairman
Ned Sickle, Vice Chairman
Margaret Dunn, Commissioner
John Holdsworth, Commissioner
Sally Shaffer, Commissioner
Gordon Zuckerman, Commissioner

ABSENT: Jerry Gleason, Commissioner

STAFF: Kathy O'Connor
Kathy Montalvo
Craig Clifford
Brad Gessner

OTHERS PRESENT FOR ALL OR PORTIONS OF THE MEETING:

Councilman Ecton
John Bergmann
Melissa Austin
Shannon Williams
Bruce Skinner
Rachel Sacco
Brent DeRaad
Kathy Duley

CALL TO ORDER

Chairman Morrow called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:00 a.m.

ROLL CALL

A formal roll call confirmed members present as stated above.

APPROVAL OF MINUTES

Commissioner Holdsworth requested a correction to the May 18, 2004 meeting minutes. On page 5, first paragraph, should be amended as follows: "Commissioner Holdsworth inquired if the Commission had considered giving a weighted average if they believe a certain ~~event~~ **program** has more value."

A MOTION WAS MADE BY COMMISSIONER DUNN TO APPROVE THE MINUTES OF THE MAY 18, 2004 MEETING AS AMENDED. THE MOTION WAS SECONDED BY COMMISSIONER SHAFFER AND PASSED UNANIMOUSLY.

BED TAX COLLECTION & FINANCIAL REPORTS

Ms. O'Connor reported the April bed tax receipts are up 16 percent over last year's and the retail sales tax receipts were up substantially over last year's.

Mr. Clifford provided a brief overview of the Tourism Pro Forma. They still predict the bed tax funds will reach \$6.8 million for the year. The trend is positive but they will not be changing the projection this late in the stage in the year because they do not want to confuse people with different numbers and the summer revenue numbers may slide a little.

SCOTTSDALE CONVENTION & VISITORS BUREAU UPDATE

Ms. Sacco presented a copy of the Destination Guide that was just printed yesterday. She reported they are in the process of formalizing all of the contracts with the partners: City of Scottsdale, Town of Paradise Valley, and Fountain Hills. She further reported that they are responding to a request from the Salt River Pima and are working on formalizing an agreement with them.

She remarked there are a couple of items they would like to share with the Commission at a future meeting. She further remarked that they have been working very closely with the EMSD Commission. She explained that they are working with the EMSD on a proposed trolley route through the resorts. She reported that John Little graciously has provided them with space in his new downtown office for a small visitor's bureau outlet.

She explained that they are finding with their budget increase of one percent that there are not enough funds for a lot of the prioritized programs. She inquired since the bed tax numbers are going in the right direction, if it would be feasible to come back and discuss funding some of those programs.

Chairman Morrow inquired from a legal standpoint, if there is carryover, are they able to spend that on either the CVB programs or anything else, or are they locked into the

budget as it has been established. Mr. Clifford replied they have established a maximum budget by law. However, when there is a carryover balance, they do have some flexibility for making proposals to the City Council.

Ms. Sacco stated that at one of the up-coming meetings, she would like to provide an update on the creative process.

Vice-Chairman Sickie stated that he had concerns that some of the new City Council members may not understand the value of tourism and what tourism adds to Scottsdale. Ms. Sacco reported that she has corresponded with all of the new City Council members, and met with Councilwoman Drake, and would like the opportunity to meet with other Council members. Vice-Chairman Sickie noted that he would be willing to assist.

Councilman Ecton stated that it is very important for the new Council members to appreciate and recognize the importance of tourism to the city and the value of the Commission and the CVB. He suggested the Commission invite the Council to their November retreat and that would be beneficial to help raise their awareness level regarding the amount of money that is involved.

Commissioner Dunn inquired how long does it takes new Council members to get up to speed with everything and not feel overwhelmed. Councilman Ecton replied about a year but he felt the November retreat time frame is okay.

Commissioner Holdsworth stated that he was in favor of putting together a position paper.

Mr. Clifford reported that from a financial standpoint it is important that the new Council understand how important tourism is to Scottsdale. It is estimated that 20 percent of total tax revenues come from outside our borders and that is quite significant.

Chairman Morrow commented there is the problem that tourism has been taken for granted. He further commented that he would like to extend an invitation to all of the Council members to attend these meetings. He reported there was an editorial in the Tribune regarding the closing of Rawhide yesterday saying in essence that the closing of Rawhide indicates that we are no longer dependent on tourism. He further reported that he would like to respond on behalf of the Commission that outlines the importance of tourism. He noted that he would copy all of the members of the Commission.

Councilman Ecton inquired if the people who are on the tour buses that go to Rawhide, if they stay in Scottsdale hotels. Ms. Sacco replied many do, but many are not because they are part of the tour group and are staying in more value-oriented accommodations. She explained that regardless if they are staying in Scottsdale hotels when they come to Rawhide they are doing other things in Scottsdale. She further explained that Jerry Hirsch the owner of Rawhide had the desire to relocate that facility within Scottsdale.

The Rawhide staff has been getting calls from Glendale, South Phoenix, and all over from people interested in taking that bit of Scottsdale and putting it in their own local.

Councilman Ecton stated he was concerned with Rawhide leaving the area noting that he did not know if there was enough land to move that facility to WestWorld. He further stated the second best fit would be on Indian land.

Vice Chairman Sickel stated that he liked the suggestion of inviting the Council to their retreat. He further stated that he also liked the idea of putting together a positioning paper. Ms. Sacco suggested as part of the positioning paper, they include the research the CVB did with focus groups regarding what customers think of Scottsdale in relation to Phoenix or other areas. Councilman Ecton stated that he would insist that whatever they present they keep it simple and just hit the high points of the critical information.

FY 2003/2004 RETREAT UPDATE and FY 2004/2005 MEETING SCHEDULE

Ms. O'Connor reported the proposed Retreat Date is November 2, 2004. She further reported that Commissioner Gleason is not available on November 2nd. It was determined that all of the commissioners' are available on November 2, except Commissioner Gleason, but they will plan to hold the retreat on that day.

Ms. O'Connor stated the December meeting is scheduled on December 21 and since that is so close to the holidays she suggested they change the meeting date to December 14th.

Ms. O'Connor reviewed some of the issues and priorities that were discussed at the November 2003 Retreat. One of the priorities was communication with the City Council and they will put together a positioning paper and invite the Council to the Retreat. She reported that there would be an update on the Buffalo Bill Historical Center at the July meeting. There will also be an update at a future meeting regarding the Los Arcos site. She remarked with regard to budget allocations the Commission has more input than they have had in past years, and the TDC took action and set aside \$500,000 as an emergency fund. They have worked on the Event Funding program.

Ms. O'Connor suggested that she and one or two commissioner and Chairman Morrow work on the retreat agenda and present some proposed items at the July meeting.

HOSPITALITY LEADERSHIP PROGRAM

Ms. O'Connor reported that Attachment No. 4 in the Commission packet describes the Scottsdale Hospitality Leadership Program. She explained that the entities involved in this project (The City of Scottsdale, Scottsdale Unified School District, Scottsdale Community College, Northern Arizona University, and the Hyatt Regency Scottsdale at Gainey Ranch) have over the past nine years designed and implemented a Hospitality Careers Management Program to encourage secondary students to enter a course of study

that qualifies them for post-secondary education at the College or University level with the ultimate objectives of preparing them for careers in the Hospitality Industry.

She explained that the city participated every year in the program with the exception of the current year 2003/2004 noting the program was eliminated for budgetary reasons and we are now going in a different direction. The Commission is being asked to consider providing bed tax funds in the amount of \$11,000 for the bed tax budget to support the Scottsdale Hospitality Careers Management Program. The funds are available in the "Professional Services" portion of the bed tax budget.

Melissa Austin stated that she is the instructor for this program. She provided background information regarding this program. She reported the teach workplace standards and skills.

Two graduates of the Scottsdale Hospitality Leadership program shared their experiences and commented on the benefits of this program and the skills they learned.

John Bergmann, Sr. Director Human Resources Hyatt Regency Scottsdale, remarked that everyone knows the importance of the hospitality industry to Scottsdale and the State. He further remarked that it is critical to produce leaders in this field so the resorts and hotels have a good group of people to select from. He reported that this program is very successful but they need money. He requested they consider being part of the funding process as they have done in the past.

Chairman Morrow reported that he had emails from Commissioner Gleason and former Commission member Doug Payne urging support of this program.

Chairman Morrow stated that he felt the industry itself is the ultimate beneficiary of the outcome of the program so he would recommend they try to get greater hotel participation in addition to the city funds.

Vice Chairman Sickel stated he felt the program could be expanded by participation from other properties other than the Hyatt and the intern program could be expanded across multiple properties.

Commissioner Shaffer inquired how many students are involved in the program each year. Ms. Austin replied around 40. Commissioner Holdsworth inquired if they turned any students away. Ms. Austin replied in the negative. She explained it is a program that attracts "A" students as well as students who may not fit in the traditional education process.

Commissioner Dunn inquired if they have a pool of properties they go for internships. Ms. Austin explained how the internship program works noting the students go out and get their own jobs and she provides them with leads and works with the employer on objectives. She noted it is a paid internship. Commissioner Dunn remarked she felt it

was a terrific program and felt the program should be expanded to involve other properties.

COMMISSIONER HOLDSWORTH MOVED TO APPROVE \$11,000 FROM THE BED TAX BUDGET TO SUPPORT THE SCOTTSDALE HOSPITALITY CAREERS MANAGEMENT PROGRAM. SECOND BY COMMISSIONER DUNN. THE MOTION PASSED BY A VOTE OF FIVE (5) TO ONE (1) WITH CHAIRMAN MORROW DISSENTING.

Chairman Morrow stated that he felt this is a wonderful program but bed tax money is to be spent to generate room nights and exposure outside of the market. He further stated that he did not think the standards were being met for this expenditure for it to be taken out of the "Professional Services" budget.

ROCK N' ROLL MARATHON

Shannon Williams, Elite Racing, reviewed the economic impact report on the January 11, 2004 Arizona Rock n' Roll Marathon. The event attracted over 29,000 participants noting it was the largest inaugural running event. She reported the average household income was \$81,000. Over 85 percent of the runners stated their primary reason for their trip was to run the race. Scottsdale had the highest average total lodging cost. They booked over 7,000 room nights in Scottsdale alone. The total estimated impact was \$41 million and \$9.8 to the city of Scottsdale. She remarked the Commission had requested they showcase Scottsdale during the course and they will be doing that for next year. The new course should be finalized in a few weeks.

She reported one of the new things they are bringing this year is the kids marathon where they will work with the schools physical education departments in the grade school range and the kids will be able to run the last mile of the marathon and finish with the marathoners. The kids involved will receive a medal and a T-shirt. She further reported that they announced their headquarter hotels noting there will be three from each city. She provided information on their advertising and marketing efforts. She stated this year they are expecting 34,000 participants.

Chairman Morrow inquired how much they have expanded the course through Scottsdale. Mr. Skinner replied last year there were three miles and this year they anticipate 6 miles. Last year they went through the southern-end of Scottsdale and this year they are moving the route as far north as Camelback.

Chairman Morrow stated he thought the San Diego marathon received TV coverage. He inquired if there was any chance for them to get TV coverage. Ms. Williams replied they received coverage from Fox Sports and they have copies of the video if anyone is interested.

Mr. Skinner reported one of the benefits of the expansion of the route is that it will be going through the art gallery district.

Councilman Ecton stated he felt there was a great opportunity to expand the number of room nights noting they should coordinate with the CVB on how to do that. He further stated that they should have a special Art Walk night for the marathoners and really capitalize on this event and get people to stay another day. Ms. Duly reported the Gallery District and the CVB have been discussing that very idea. Ms. Williams noted that they also do an official race artwork and they could coordinate the unveiling of the artwork.

Vice Chairman Sickel commented since they already have national TV coverage, he inquired if there were any opportunities to showcase Scottsdale. Ms. Williams reported they are working on promoting the destination to let people know there is more to do than run the race. They can enjoy the spas, golf, and shopping. Mr. Skinner stated they are allowed to write the script for the telecast and they started last year building Scottsdale brand.

Ms. O'Connor inquired about the cost of the survey. Mr. Skinner replied \$8,000.00.

FY 2004/2005 EVENT FUNDING PROGRAM

Ms. O'Connor reported the program is ready to be adopted but there are three remaining items to accomplish prior to the adoption of the program. The are:

- Definition of Signature Events
- "Community" Event Support Options
- Event Characteristics Summary

She discussed the issues and concerns that were identified by the TDC at their January 20, 2004 meeting.

She reported the conclusion is the continuation of "signature event" designation and support has benefit for the City and the events. Signature events contribute economic impact to the City, they re-enforce Scottsdale's destination to Scottsdale's upscale target market and are a significant part of the "Scottsdale product".

She explained that a re-definition of signature events is not essential to the FY 04/05 Matching Event Advertising Funds process. It may, therefore, be more practical for the TDC to revise the "definition" of signature events, and to explore other means of tailoring event support appropriate to certain signature event's magnitude and particular needs as the new advertising-based event support program evolves in the next year.

The Commission agreed that the definition of signature event did not need to be defined today but would need to be defined because it is outdated. It was suggested a subcommittee work on the definition. Ms. O'Connor suggested having the Event Evaluation Subcommittee work on the definition. Commissioner Dunn and Commissioner Shaffer volunteered to serve on that committee.

Councilman Ecton inquired at what level does an event have to be at before the CVB puts their arms around it. Ms. Sacco replied they get their arms around all of the events that they can at various levels. They prefer not to have to put their cash behind events but in the case of the Rock 'n Roll Marathon they did because they felt it was in the best interest of Scottsdale and part of the issue was timing.

Mr. Gessner stated they are trying to get the Pacific Coast Cutting Horse show at WestWorld and this show is also interested in getting bids for Reno and because of the gambling dollars they will be able to provide additional incentives.

The Commission discussed the fact that there needs to be some flexibility as to the use of the funds.

The consensus of the commission is that:

- The definition of signature events has been agreed is not necessary to do as part of this funding program and will be addressed at the July meeting.
- The Community events support options will be left as previously proposed. There is the availability of up to 10 percent in the event funding budget that is at the discretion of the subcommittee how it is allocated.
- The evaluation will be incorporated in the program as presented.

COMMISSIONER DUNN MOVED TO APPROVE THE MATCHING EVENT ADVERTISING FUNDS PROGRAM AS PRESENTED IN EXHIBITS A, B, C AND AS DISCUSSED IN ATTACHMENTS 1, 2, AND 3. SECOND BY COMMISSIONER ZUCKERMAN AND PASSED UNANIMOUSLY.

ADMINISTRATOR'S REPORT

Ms. O'Connor discussed the highlights of the Smith Travel Report.

Ms. O'Connor stated that she would be meeting with the owner of Rawhide, Jerry Hirsch.

Chairman Morrow stated that he would hope WestWorld would consider having Rawhide relocate there. Mr. Gessner explained that the city has looked very seriously on two occasions and determined it is not feasible for a number of reasons. The most significant

is that the Bureau of Reclamation does not support it. It appears that there is a lot of open space at WestWorld but a significant amount is a flood basin. There are also parking issues.

UPCOMING EVENTS AND COMMISSION BUSINESS

Ms. O'Connor reported the next regularly scheduled meeting would take place, Tuesday, July 20, 2004.

ADJOURNMENT

The meeting concluded at 10:00 a.m.

Respectfully submitted,

“For the Record” Court Reporters.